

**MINUTES
OF THE REGULAR MEETING OF THE
EDINA CITY COUNCIL
HELD AT CITY HALL
MAY 20, 2014
7:00 P.M.**

I. CALL TO ORDER

Mayor Hovland called the meeting to order at 7:04 p.m.

II. ROLL CALL

Answering rollcall were Members Bennett, Brindle, Sprague, Swenson and Mayor Hovland.

III. MEETING AGENDA APPROVED

Member Brindle made a motion, seconded by Member Bennett, approving the meeting agenda.

Ayes: Bennett, Brindle, Sprague, Swenson, Hovland

Motion carried.

IV. CONSENT AGENDA ADOPTED

Member Swenson made a motion, seconded by Member Brindle, approving the consent agenda as follows:

IV.A. Approve regular and work session meeting minutes of May 6, 2014

IV.B. Receive payment of the following claims as shown in detail on the Check Register dated May 8, 2014, and consisting of 31 pages; General Fund \$146,598.74; City Hall Debt Service \$5,085.00; Working Capital Fund \$911.95; Art Center Fund \$325.20; Golf Dome Fund \$7,750.08; Aquatic Center Fund \$4,469.77; Golf Course Fund \$27,583.44; Ice Arena Fund \$44,366.88; Edinborough Park Fund \$42,598.65; Centennial Lakes Park Fund \$2,456.19; Liquor Fund \$269,013.45; Utility Fund \$30,471.44; Storm Sewer Fund \$703.77; PSTF Agency Fund \$8,171.48; Payroll Fund \$6,234.68; TOTAL \$596,740.72 for receipt of payment of claims dated May 15, 2014, and consisting of 31 pages; General Fund \$113,333.56; Police Special Revenue \$396.00; General Debt Service Fund \$450.00; Working Capital Fund \$81,176.85; Art Center Fund \$2,640.97; Golf Dome Fund \$2,501.97; Aquatic Center Fund \$1,136.26; Golf Course Fund \$35,163.47; Ice Arena Fund \$518.68; Sports Dome Fund \$77,216.67; Edinborough Park Fund \$9,686.93; Centennial Lakes Park Fund \$43,689.95; Liquor Fund \$237,100.76; Utility Fund \$407,107.54; Storm Sewer Fund \$37.26; Recycling Fund \$35,190.09; PSTF Agency Fund \$4,463.63; Payroll Fund \$3,040.90; TOTAL \$1,054,851.49

IV.C. Approve Local Health Priorities for City of Edina

IV.D. Adopt Resolution No. 2014-58 Giving Preliminary Approval to the Issuance of Housing Revenue Bonds Pursuant to Minnesota Statutes, Chapters 462A and 462C on behalf of Yorktown Continental, LP

IV.E. Review and Approve Traffic Safety Committee Report of March 20, 2014

IV.F. Authorize Engineering Services for Arden Park Neighborhood – Preliminary Engineering

IV.G. Authorize Engineering Services for Valley View road – Preliminary Engineering

IV.H. Approve Permanent and Temporary Easement Agreements at 3650 and 3655 Hazelton Road

Rollcall:

Ayes: Bennett, Brindle, Sprague, Swenson, Hovland

Motion carried.

V. SPECIAL RECOGNITIONS AND PRESENTATIONS

V.A. CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING, 2012 COMPREHENSIVE ANNUAL FINANCIAL REPORT, GOVERNMENT FINANCE OFFICERS ASSOCIATION – RECEIVED

Finance Director Wallin announced the Government Finance Officers Association had awarded the City with the Certificate of Achievement for Excellence in Financial Reporting for its 2012 Comprehensive

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Annual Financial Report. He stated this award was possible due to the work of Assistant Finance Director Roggeman, Accountant Sawyer, the Finance Department, and City staff.

Manager Neal commented on the important and complex work of the Finance Department, noting this recognition was very deserving. The Council added their congratulations to Finance Director Wallin and the Finance Department.

V.B. PRESERVATION MONTH MAY 2014 – PROCLAIMED

Mayor Hovland read in full a proclamation declaring May 2014 to be Preservation Month in the City of Edina. Senior Planner Reyba thanked the Council for this recognition and described the important work of the Heritage Preservation Board.

V.C. 2014 EDINA HERITAGE AWARD – PRESENTED

Bob Moore, on behalf of the Heritage Preservation Board, presented the 2014 Edina Heritage Award to the Arthur Erickson house located at 5501 Londonderry Road that had been designed by (Frank) Lloyd Wright, Jr.

Mayor Hovland presented Brian and Linda Tell, current owners of 5501 Londonderry Road, with the Award and thanked them for preserving this house. Mr. Tell stated they had lived in the house for over 15 years and attempted to keep its character, which was a challenge, as it was difficult to find young craftsmen to make repairs.

V.D. 2014 EMERGENCY MEDICAL SERVICES WEEK – DECLARED

Mayor Hovland read in full a proclamation declaring the week of May 18-24, 2014, to be 2014 Emergency Medical Services Week in the City of Edina.

Member Bennett made a motion, seconded by Member Brindle, approving the proclamation declaring 2014 Emergency Medical Services Week in the City of Edina.

Ayes: Bennett, Brindle, Sprague, Swenson, Hovland
Motion carried.

Fire Chief Schmitz thanked the Council for recognizing the paramedic's dedication to serve the City.

V.E. SPEAK UP EDINA REPORT PRESENTED – TOPIC: BEEKEEPING

Communications Coordinator Gilgenbach presented a summary of opinions, both pros and cons, collected through Speak Up, Edina relating to beekeeping. Mr. Gilgenbach answered questions of the Council relating to registration on the blog site, noting all but two were residents.

Eleanor Carlson and Sarah Higgins, ninth graders at South View Middle School, provided statistics relating to the steady decline in honeybee colonies. Ms. Carlson and Ms. Higgins supported allowing beekeeping in Edina, encouraging the planting of public and private gardens that attract honeybees, and regulating the use of pesticides. Limitations on beekeeping were also proposed.

The Council complimented Ms. Carlson and Ms. Higgins for their informative presentation.

VI. PUBLIC HEARINGS HELD – Affidavits of Notice presented and ordered placed on file.

VI.A. 2014 ALLEY IMPROVEMENTS, IMPROVEMENTS NOS. A-257 AND A-258 – RESOLUTION NO. 2014-56 ADOPTED

Engineer Presentation

City Engineer Millner presented the resident's petition for improvements of alleys between Xerxes and York Avenues and West 54th and West 56th Streets. In addition, staff noted the West 55th to West 54th Streets alley should also be considered for improvement. Staff recommended paving the alleys, which if

approved, was estimated to cost \$95,000 and would be 100% assessed to benefitting properties. With a total of 51 Residential Equivalent Units (REUs) in the project, the assessment per REU would be \$1,800. It was noted final assessments would be calculated after construction. Mr. Millner presented the anticipated timeline and indicated staff believed the project was necessary, cost effective, and feasible. Mr. Millner indicated the Pavement Condition Index for these alleys would be ranked at less than five and the drainage improvements would be confined to the alley.

Mayor Hovland opened the public hearing at 7:43 p.m.

Public Testimony

No one appeared to comment.

Member Swenson made a motion, seconded by Member Sprague, to close the public hearing.

Ayes: Bennett, Brindle, Sprague, Swenson, Hovland

Motion carried.

Member Swenson introduced and moved adoption of Resolution No. 2014-56, Ordering Improvements for 2014 Alley Improvements, Improvement Nos. A-257 and A-258. Member Bennett seconded the motion.

Rollcall:

Ayes: Bennett, Brindle, Sprague, Swenson, Hovland

Motion carried.

VI.B. ORDINANCE NO. 2014-10; ZONING ORDINANCE AMENDMENT, ALLOWING SOME R-1, R-2, AND PRD-1 PROPERTY TO BE CONSIDERED AS PART OF A PLANNED UNIT DEVELOPMENT – GRANTED FIRST READING

Community Development Director Presentation

Community Development Director Teague stated the Council was asked to consider a Zoning Ordinance amendment that would allow consideration of R-1 property within a Planned Unit Development (PUD) if the R-1 property constituted less than fifty percent of the total property in the proposed PUD. If approved, this amendment would apply to any property located adjacent to commercial, industrial, or high-density residential property. Mr. Teague presented a map depicting areas that could be considered and reviewed the Council's past consideration of PUDs. He presented the Planning Commission's consideration and concerns expressed at its May 14, 2014, meeting and recommendation for an Ordinance amendment allowing any R-1 property to be considered for rezoning to PUD.

Mr. Teague answered questions of the Council relating to level of support by the Planning Commission and record of prior consideration that had not been provided for the Commission's or the Council's review. Mr. Teague indicated there had been no prior requests to apply PUD to residential other than the Lennar request that would be considered tonight.

The Council discussed the impact of the proposed ordinance amendment and asked questions of Mr. Teague and Attorney Knutson. Concern was expressed that if approved, PUD could now apply to every property in the City and perhaps residents would not support that flexibility and preferred assurances provided by established setbacks. Attorney Knutson advised that a resident could apply to rezone their property and the Council would then have the discretion to approve or not approve. However, if the request complied with the Comprehensive Plan, it would have to be approved. It was indicated the amendment would provide the City with discretion to achieve certain objectives. Mr. Teague stated staff found no other communities that precluded certain areas from being considered for a PUD. Mr. Knutson advised his firm represented 30 communities and found Edina was unique in having this provision. He indicated someone could argue it was arbitrary; however, it had not yet been challenged. The Council

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noted that when a PUD request comes forward, there would be a presumption of the underlying zoning district requirements.

It was acknowledged that the Council had an understanding that at some point in time, it would consider a broader application of PUDs. Concern was expressed that no such understanding was stated in the public record, this was being considered in response to a single development request and such a radical change should have included public notice and opportunity for comment. Mr. Teague stated the Planning Commission would be developing guidelines and specifics relating to sustainability.

Mayor Hovland opened the public hearing at 8:05 p.m.

Public Testimony

Carol Lansing, legal counsel for Lennar Corporation, addressed the Council.

Steven Schwab, 6740 Washburn Avenue S., Richfield, addressed the Council.

Member Swenson made a motion, seconded by Member Sprague, to close the public hearing.

Ayes: Bennett, Brindle, Sprague, Swenson, Hovland

Motion carried.

The Council indicated support for holding this discussion now as there had been several years' experience with PUDs and this review should have occurred regardless of the Lennar project. It was pointed out that Edina had never been known as a City that lacked flexibility but had been known for its flexibility in considering the needs of developers. Concern was expressed with lack of public notice and that the amendment would result in changing the character of the community too quickly, not providing balance or encouraging public trust. **Member Swenson made a motion to grant First Reading to Ordinance No. 2014-10, An Ordinance Amendment Regarding Planned Unit Development Applicability in an R-1, R-2, and PRD-1 District. Member Brindle seconded the motion.**

Rollcall:

Ayes: Brindle, Sprague, Swenson, Hovland

Nays: Bennett

Motion carried.

VII. COMMUNITY COMMENT

Jeff Solberg, 4508 Moorland Avenue, voiced his concerns and that of several residents relating to the safety of Browndale Bridge and requested extension of a centerline.

VIII. REPORTS / RECOMMENDATIONS

VIII.A. SKETCH PLAN REVIEWED – 3330 66TH STREET

Community Development Director Presentation

Mr. Teague presented the sketch plan to remodel and expand the existing TCF Bank building at 3330 66th Street into 39 units of small (355 to 456 square feet) studio apartments for young adults experiencing homelessness. In addition, the building would contain offices for on-site service providers, property management, a community area, fitness area, computer lab, and laundry room. Mr. Teague indicated that to accommodate this request, it would require a rezoning from POD-I, Planned Office District-I to PUD, Planned Unit Development, and a Comprehensive Guide Plan Amendment to allow housing other than Senior Housing in the Regional Medical District. He presented the site plan, issues identified, and stated the Planning Commission considered this sketch plan at its April 23, 2014, meeting.

Proponent Presentation

Lee Blons, Executive Director of Beacon Interfaith Collaborative, presented their mission statement and indicated they currently had 500 apartments in 15 buildings under management. Ms. Blons presented the

concept model to secure affordable housing with integrated services and adult guidance for homeless teens (18-19 year olds). She estimated that in the area of Edina, there were 250 to 300 young people in need of this type of housing and the requested 39 units was based on available funding.

The Council asked questions of Ms. Blons who assured the Council that they were committed to being the best landlord in Edina and if necessary, 24-hour staffing would be provided. She stated Lydia Apartments, built for chronically homeless adults with mental health and chemical dependent issues, provided 24-hour services and she would check whether any of their other buildings provided 24-hour service. Ms. Blons stated this would not be a shelter or drop-in facility. She answered questions of the Council related to Beacon's services and programming to successfully move young adults into the community.

Sarah Larson, Project Manager with Beacon, indicated the total development cost was estimated to be over \$10 million with an estimated per unit cost of \$250,000. It was noted that this estimated cost was similar to that of Nicollet Square (42 units) and most other projects submitted to Minnesota Housing. Ms. Blons assured the Council that this would be quality housing of which Edina would be proud. With regard to financing, she indicated they would address cost containment and were required to acquire a site prior to obtaining financing. Beacon believed there had been a high level of support for this Edina location.

Bart Nelson, Urban Works Architecture, displayed the location map, pointing out the abundance of parking, bus stops, and close proximity to the transit station. He described elements of the plan and how this project would meet the City's sustainability objectives. Ms. Larson indicated the funding for this project required compliance with the standards of Minnesota Green Communities which included exceeding the State's energy standard by 15%.

Following discussion of the 3330 – 66th Street sketch plan, the Council offered the following comments: creating an integrated streetscape and integrated fence design; change in topography to create more daylight into the three lower-level studios; providing proof of parking to address parking shortage; providing for outdoor bicycle parking; providing indoor bicycle storage during the off season; designing articulated building surfaces; exceeding State energy guidelines; consideration of affordable housing rather than specialty housing so the City had a higher level of control; and, providing best practice relating to 24-hour service. The Council expressed support for having this use in Edina, adaptive use of this site that was in close proximity to transportation, and meeting the School District's and City's core value of not leaving anyone behind. The Council indicated that a Small Area Plan was not needed in this instance as it was a good interim use and allowed the area to develop organically over time.

Ms. Blons stated they had been in conversation with the neighborhood and received a good response. The Council encouraged the proponent to continue working with the neighborhood to address their concerns.

VIII.B. SKETCH PLAN REVIEWED – 7151 YORK AVENUE

Community Development Director Presentation

Mr. Teague presented the sketch plan to build a four-story building with 100 units (70 units of senior housing with services and 30 memory care suites) of assisted living west of the Yorktown Continental Senior Living Apartments at 7151 York Avenue. The existing site was 5.85 acres in size with a density of 45 units per acre. With the proposed addition of 100 units, this density would increase to 64 units per acre.

Mr. Teague reviewed the Council's past consideration for a 76-unit senior housing project. He displayed the site plan, noting its orientation along York Avenue, surface and underground parking. It was noted that while the Comprehensive Plan described High Density Residential as 12-30 units per acre, density for senior housing might be increased. Mr. Teague presented site conditions that could be considered for higher density in this instance. It was noted the Planning Commission considered this sketch plan at its April 23, 2014, meeting. The Council asked questions of Mr. Teague relating to site plan revisions since the Planning Commission's consideration.

Mr. Neal noted that tonight's consideration related to a sketch plan review of the proposed new building and at a future meeting, the Council would be asked to consider conduit financing for a major improvement project within the existing building. With regard to affordability, early indications were that the number of affordable units might be decreased by seven to eight. That issue would be addressed once conduit financing was addressed. Mr. Neal explained the terms of conduit financing for a private/non-profit development and advised that the City would not carry the liability of the payment and it would not impact the City's bond rating.

Mr. Teague indicated that along with the subdivision request, parking would be addressed and a park dedication fee required. The Council acknowledged that recently, higher-density projects were being submitted due to the price of the land and density needed to appeal to a developer and City. The Council suggested addressing density in the Southdale District on a broader view. Mr. Teague concurred and stated it was staff's intent to present a Comprehensive Plan Amendment to the Planning Commission and City Council to address those very issues.

Proponent Presentation

Della Kolpin, Senior Partner with Mesaba Capital, clarified that Mesaba was purchasing the land from the current owner and developing the 100-unit assisted living building. The conduit financing was related only to the existing apartment building structure. The land would be replatted to create two separate parcels.

Mr. Neal stated of the 263 apartments, 179 apartments qualified for Section 8 housing. However, that property was not under consideration in this site plan review. Ms. Kolpin stated of the 100 units, at least 10%, or 10 units, would be affordable. She stated their goal was to create a campus for continued senior living and there would be joint programs and facilities to optimize and utilize spaces.

Alanna Carter, RSP Architects, presented project goals to create a sense of community pride, create a warm and inviting environment, connecting indoor and outdoor spaces, connection to nature, sense of quality and dignity within the building, inclusion of a health center, providing a coffee bistro and library, and maximizing the site to the York Avenue side.

The Council referenced the suggestion of the Planning Commission to narrow the setback to York Avenue to 20 feet in an effort to enhance the courtyard between the two buildings. The Council asked whether that additional area had instead been converted into a drive entrance. Ms. Carter explained the need for a safe entry and drop off area away from the drive and benefit of a porte-cochere for senior residents and senior visitors. Ms. Kolpin indicated it was felt the reduced parking would still meet the needs of the residents. Ms. Carter concurred and noted the reduction allowed the creation of additional green space to the south and north of the existing building. She stated they were in conversations with Metro Transit to request a new bus stop location, possibly incorporating the York Avenue bus stop within a building extension.

Following discussion of the 7151 York Avenue sketch plan, the Council offered the following comments: creating an at-grade enclosed and heated (four-season) pedestrian connection between the two buildings; support of the welcoming covered porte-cochere; maintaining podium height; inclusion of benches to engage with the streetscape and bus stop; providing all-season landscape interest; locating building mechanicals to not create a visual impact to units within the existing building; providing accessible and useable green space in consideration of a setback variance; integrating building design and materials that related and were complementary with the 12-story apartment building; and, assuring engagement with the York Avenue streetscape.

VIII.C. MASTER REDEVELOPMENT AGREEMENT WITH PENTAGON REVIVAL, LLC – APPROVED

Economic Development Manager Neuendorf presented the Master Redevelopment Agreement with Pentagon Revival, LLC to formally establish a public/private partnership between the City, HRA, and developer that would enable the use of future incremental property taxes generated at the revitalized site to reimburse the redeveloper for costs of new public improvements and site preparations necessary to attract substantial new investment. He explained this Agreement was the first step and the Council would evaluate and weigh the merits for each future phase and the specific Tax Increment Financing (TIF) pay-as-you-go amounts it would consider. Mr. Neuendorf presented terms of the Master Redevelopment Agreement, noting Ehlers & Associates had reviewed the financial pro-forma and found the project was financially viable. Staff recommended the Council authorize execution of the Master Redevelopment Agreement.

Jay Lindgren, Dorsey & Whitney Law Firm, reported that the concentrated negotiations had been productive and this Agreement involved a low level of risk to the City with pay-as-you-go TIF. He noted this agreement was unique because it would involve multiple phases determined by future market conditions. Mr. Lindgren stated this agreement was in the City's best interest.

Mark Ruff, Ehlers & Associates, explained the City had ability to use TIF for projects, generated by the private development, it felt was important. He stated this Agreement fulfilled that goal, to utilize \$8 million of TIF for City-deemed projects within the TIF laws.

The Council discussed the Master Redevelopment Agreement and asked questions of Mr. Neuendorf, Mr. Lindgren, and Mr. Ruff relating to its terms and consideration of future phases. Mr. Neuendorf reviewed edits made in the redlined version of the Agreement and recommended the Council take action on that document. **Member Swenson made a motion, seconded by Member Bennett, authorizing execution of the redlined execution version of the Master Redevelopment Agreement with Pentagon Revival, LLC.**

Scott Tankenoff and Mark Rauenhorst, as partners in Pentagon Revival LLC, confirmed that Pentagon Revival LLC was in agreement with the terms of the redlined version of the Master Redevelopment Agreement.

Ayes: Bennett, Brindle, Sprague, Swenson, Hovland

Motion carried.

VIII.D. RESOLUTION NO. 2014-59 PROVIDING FOR THE SALE OF PUBLIC PROJECT REVENUE BONDS, SERIES 2014 AND RESOLUTION 2014-60 FOR THE SALE OF GENERAL OBLIGATION UTILITY REVENUE BONDS, SERIES 2014A – ADOPTED

Finance Director Wallin explained the purpose of this item was to consider \$16,360,000 of Public Project Revenue Bonds, Series 2014, to provide \$12,445,000 for construction of a sports dome, a new Braemar outdoor ice rink and Braemar refrigeration improvements; and, \$3.2 million for Pamela Park improvements to renovate fields, parking, trails, and reconstruct a shelter building. The \$5,925,000 General Obligation (GO) Utility Revenue Bonds, Series 2014A, would finance various water and storm water projects, mostly as part of street reconstruction projects.

Mark Ruff, Ehlers & Associates, explained the GO Utility Revenue Bonds would be for a term of ten years, repaid from sewer and stormwater revenues, and do not require a public referendum. He stated staff would ask Moody's and Standard & Poors to review the City's bond rating. The Public Project Revenue Bonds for recreational facilities was more complex, but the same type of financing had been considered for similar projects. Mr. Ruff stated he expected the City's long-standing support of recreational activities would be viewed favorable as well as using a tax levy to support 100% of the debt service. He stated this 20-year bond would increase the City's tax levy and raise tax rates but was expected to have a low interest rate in the range of 3.7% to 3.8%. Should only two bids be received, he might return with an alternate structure.

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The Council noted the City was usually over-subscribed for its offerings. Mr. Ruff provided detail on the City's debt and impact of refinancing or early refunding and stated he would provide additional information on the City's falling debt. **Member Swenson introduced and moved adoption of Resolution No. 2014-59, Providing for the Sale of \$16,360,000 Public Project Revenue Bonds, Series 2014.** Member Sprague seconded the motion.

Ayes: Brindle, Sprague, Swenson, Hovland

Nays: Bennett

Motion carried.

Member Swenson introduced and moved adoption of Resolution 2014-60, Providing for the Sale of \$5,925,000 General Obligation Utility Revenue Bonds, Series 2014A. Member Bennett seconded the motion.

Ayes: Bennett, Brindle, Sprague, Swenson, Hovland

Motion carried.

VIII.E. FINANCIAL ASSISTANCE TO FAIRVIEW SOUTHDAL HOSPITAL – DISCUSSED

Larry Laukka, representing Fairview Southdale Hospital (FSH), described the development of FSH since its construction in 1965 and continuing positive economic impact to the City. Mr. Laukka described the types of critical health care provided to Edina, existing community partnerships, and the past and current FSH Board/Committee members. He stated the estimated project cost was \$42 million; FSH would initially contribute \$27 million with an additional \$3 million contribution; and, private funds raised \$8.7 million. This left a balance of \$3.3 million to complete the Chronic Care Facility. It was noted that according to the Center of Disease Control, chronic diseases account for 70% of deaths and 75% of health care costs. Mr. Laukka stated Edina was being asked for a \$2 million contribution, as FSH was a community hospital and the City's economic engine. If approved, a finance vehicle could be structured to finance the \$2 million. This would leave \$1.3 million to be raised. Mr. Laukka stated they had also met with and requested contributions from the cities of Eden Prairie, Richfield and Bloomington as their residents were also served by FSH. Each of those communities had asked what Edina was contributing.

Mr. Neal stated his concurrence with the presentation by Mr. Laukka and the large financial influence of FSH in Edina. He presented the advantages and disadvantages of four options should the Council decide to consider this funding request: a General Fund property tax levy across the City; use the same property tax mechanism but assess the tax from the City's HRA; provide cash assistance from the City's Capital Improvement Program (CIP) through the Construction Fund; and/or, property tax abatement that would be similar to Tax Increment Financing (TIF) in that it redirects the flow of property taxes from the City to a private property. Mr. Neal stated if the Council approved this request, he would recommend the City impose a special HRA tax levy of \$400,000 per year for five years. The net new tax burden of \$17.50 per year for a median single-family taxpayer was modest, the process to impose such a levy was simple and transparent to property owners.

The Council considered the request and discussed the tax abatement district funding option with Mr. Neal. It was noted that FSH was tax exempt and the State had created a nonprofit status so FSH could dedicate its revenues exclusively to health care related costs. FSH was currently contributing \$13 million in uncompensated care.

Mr. Ruff advised of the use of targeted tax abatement programs by other municipalities for "economic engine" projects. He explained that program would require a finding that the benefit of the assistance outweighed the cost. It was noted that similar to tax increment, a targeted tax abatement program would set a base tax level. Mr. Ruff explained that development impact fees were not an option at this time and would require a legislative change. He stated in a special services district, properties within that district would voluntarily increase taxes for services that were above what was typically provided by the municipality. A special services district would not require legislative approval as long as uses meet the

current statute. In addition, there were minimum petition and veto thresholds. Mr. Knutson clarified that the purpose of a special services district was to provide a service that the City would not otherwise provide.

The Council acknowledged that FSH was the City's largest employer, it had resulted in additional property taxes from ancillary uses that benefited the City, and since 2003 there had been a dramatic improvement in mortality rates. The Council considered whether to approach the Legislature about creating something akin to the Destination Medical Center concept devised in Rochester for the Mayo Clinic. Mr. Ruff suggested obtaining information from peers that had partnership with similar facilities. Mr. Neal stated he had contacted those peers and learned all had done a number of things to be participative to encourage development but none had made a cash contribution.

The Council considered whether to set a tax baseline of \$300,000 (in current City tax) and then capture the increment above that baseline and pay it, over time, to FSH. Mr. Neal indicated that was an option; however, it was an unpredictable source of revenue and might be a fairly small amount so it would not provide enough leverage for FSH to do the project. Mr. Ruff advised the maximum term for a tax abatement district was 20 years but the Council, if desired, could terminate the district earlier than that term.

The Council discussed the option to impose a special HRA tax levy of \$400,000 per year for five years, resulting in a net new tax burden of \$17.50 per year for a median single-family taxpayer. Mr. Neal explained with this option, the proposed annual levy would be static so the annual tax burden would decrease in future years commensurate with the growth of the City's tax base.

Following discussion, the Council expressed support to further consideration of a targeted tax abatement/development tool, to allow additional time for public input, to request staff meet with the City's consulting partners and FSH colleagues to develop that option, and to research the opportunity for Legislative action to create a taxing district.

VIII.F. PARKING SIGNAGE CHANGES AT JERRY'S PARKING RAMP – APPROVED

Mr. Millner presented the request of Jerry's Foods for signage changes in the parking ramp and staff's recommendation to convert 17 three-hour parking spots on the mid-level to regular parking spots. It was noted this would require removal of 7 three-hour parking limit signs by Public Works. **Member Swenson made a motion, seconded by Member Bennett, approving the request of Jerry's to convert 17 three-hour parking spots on the mid-level to regular parking spots and authorize Public Works remove 7 three-hour parking limit signs and to reuse the three-hour signs where appropriate.**

Ayes: Bennett, Brindle, Sprague, Swenson, Hovland

Motion carried.

VIII.G. RESOLUTION NO. 2014-54, REQUESTING VARIANCE FROM STANDARDS FOR STATE AID OPERATIONS FOR WEST OLINGER BOULEVARD FROM OLINGER ROAD TO TRACY AVENUE – ADOPTED

Mr. Millner presented staff's recommendation to seek a one-foot variance from Mn/DOT for minimum lane widths in order to use bike sharrow pavement markings on West Olinger Boulevard, from Olinger Road to Tracy Avenue. He presented stakeholder input and concerns expressed, noting there was general support for bike facilities if there were no changes to parking. Mr. Millner presented project details and staff's recommendation to keep the existing parking conditions, create two 5.5-foot dedicated bike lanes from Vernon Avenue to Olinger Road; create one dedicated 5-foot bike lane on the west/south side from Olinger Road to Tracy Avenue; and, create one 13-foot outside lane/sharrow facility on the east/north side from Olinger Road to Tracy Avenue.

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Mr. Millner answered questions of the Council. The Council asked staff to work with the Park Board to determine how to provide better access points. Concern was expressed that all relevant information had not been provided to the Transportation Commission and Council in advance of having to make this decision and that this proposal was not the best facility design. **Member Sprague introduced and moved adoption of Resolution No. 2014-54, Requesting Variance from Standards for State Aid Operations Olinger Boulevard West – Olinger Road to Tracy Avenue.** Member Swenson seconded the motion.

Rollcall:

Ayes: Brindle, Sprague, Swenson, Hovland

Nays: Bennett

Motion carried.

VIII.H. RESOLUTION NO. 2014-57 ADOPTED – ACCEPTING VARIOUS GRANTS AND DONATIONS

Mayor Hovland explained that in order to comply with State Statutes; all donations to the City must be adopted by Resolution and approved by four favorable votes of the Council accepting the donations. **Member Swenson introduced and moved adoption of Resolution No. 2014-57 accepting various grants and donations.** Member Bennett seconded the motion.

Rollcall:

Ayes: Bennett, Brindle, Sprague, Swenson, Hovland

Motion carried.

IX. CORRESPONDENCE AND PETITIONS

IX.A. CORRESPONDENCE

Mayor Hovland acknowledged the Council's receipt of various correspondence.

IX.B. MINUTES:

- 1. EDINA COMMUNITY HEALTH COMMISSION, MARCH 4, 2014**
- 2. EDINA TRANSPORTATION COMMISSION, MARCH 20, 2014**
- 3. ARTS & CULTURE COMMISSION, MARCH 27, 2014**
- 4. PARK BOARD, APRIL 8, 2014**
- 5. ENERGY & ENVIRONMENT COMMISSION, APRIL 10, 2014**
- 6. HERITAGE PRESERVATION BOARD, APRIL 8, 2014**
- 7. PLANNING COMMISSION, APRIL 9 AND APRIL 23, 2014**

Informational; no action required.

X. AVIATION NOISE UPDATE – Received

XI. MAYOR AND COUNCIL COMMENTS – Received

XII. MANAGER'S COMMENTS – Received

XIII. ADJOURNMENT

There being no further business on the Council Agenda, Mayor Hovland declared the meeting adjourned at 12:40 p.m.

Respectfully submitted,

Minutes approved by Edina City Council, June 3, 2014.

Jane Timm, Deputy City Clerk

James B. Hovland, Mayor

Video Copy of the May 20, 2014, meeting available.